

Senate File 2138 - Introduced

SENATE FILE 2138
BY COMMITTEE ON VETERANS
AFFAIRS

(SUCCESSOR TO SSB 3122)

A BILL FOR

1 An Act relating to property taxes of veterans by providing an
2 additional homestead credit for certain disabled veterans,
3 modifying the military service property tax exemption
4 and credit, making penalties applicable, and including
5 applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 25B.7, subsection 2, paragraph c, Code
2 2014, is amended to read as follows:

3 c. Military service property tax credit and exemption
4 pursuant to chapter 426A, ~~to the extent of six dollars and~~
5 ~~ninety-two cents per thousand dollars of assessed value of the~~
6 ~~exempt property.~~

7 Sec. 2. Section 425.15, Code 2014, is amended to read as
8 follows:

9 **425.15 Disabled veteran tax credit.**

10 If the owner of a homestead allowed a credit under this
11 chapter is a veteran ~~of any of the military forces of the~~
12 ~~United States,~~ who acquired the homestead under 38 U.S.C.
13 § 21.801, 21.802, prior to August 6, 1991, or 38 U.S.C.
14 § 2101, through 2102, a veteran as defined in section 35.1
15 with a service-connected disability rating of one hundred
16 percent, as certified by the United States department of
17 veterans affairs, or a former member of the national guard
18 of any state who otherwise meets the service requirements of
19 section 35.1, subsection 2, paragraph "b", subparagraph (2)
20 or (7), with a service-connected disability rating of one
21 hundred percent, as certified by the United States department
22 of veterans affairs, the credit allowed on the homestead from
23 the homestead credit fund shall be the entire amount of the
24 tax levied on the homestead. The credit allowed shall be
25 continued to the estate of a veteran who is deceased or the
26 surviving spouse and any child, as defined in section 234.1,
27 who are the beneficiaries of a deceased veteran, so long as
28 the surviving spouse remains unmarried. ~~This section is not~~
29 ~~applicable to the holder of title to any homestead whose annual~~
30 ~~income, together with that of the titleholder's spouse, if~~
31 ~~any, for the last preceding twelve-month income tax accounting~~
32 ~~period exceeds thirty-five thousand dollars. For the purpose~~
33 ~~of this section "income" means taxable income for federal~~
34 ~~income tax purposes plus income from securities of state and~~
35 ~~other political subdivisions exempt from federal income tax. A~~

1 veteran or a beneficiary of a veteran who elects to secure the
2 credit provided in this section is not eligible for any other
3 real property tax exemption provided by law for veterans of
4 military service. If a veteran acquires a different homestead,
5 the credit allowed under this section may be claimed on the
6 new homestead unless the veteran fails to meet the other
7 requirements of this section.

8 Sec. 3. Section 426A.2, Code 2014, is amended to read as
9 follows:

10 **426A.2 Military service tax credit.**

11 The moneys shall be apportioned each year so as to replace
12 all or a portion of the tax which would be due on property
13 eligible for military service tax exemption in the state,
14 if the property were subject to taxation, ~~the amount of the~~
15 ~~credit to be not more than six dollars and ninety-two cents~~
16 ~~per thousand dollars of assessed value of property which would~~
17 ~~be subject to the tax, except for the military service tax~~
18 ~~exemption.~~

19 Sec. 4. Section 426A.11, subsection 1, Code 2014, is amended
20 by striking the subsection.

21 Sec. 5. Section 426A.11, subsections 2 and 4, Code 2014, are
22 amended to read as follows:

23 2. The property, not to exceed ~~one thousand eight hundred~~
24 ~~fifty-two~~ the lesser of ten percent of the taxable value or
25 fifteen thousand dollars in taxable value of an honorably
26 separated, retired, furloughed to a reserve, placed on inactive
27 status, or discharged veteran, as defined in section 35.1,
28 subsection 2, paragraph "a" or "b" or subsections 3 and 4 of
29 this section.

30 4. For purposes of this chapter, unless the context
31 otherwise requires, "veteran" also means a any of the following:

32 a. A resident of this state who is a former member of the
33 armed forces of the United States and who served for a minimum
34 aggregate of eighteen months and who was discharged under
35 honorable conditions. ~~However, "veteran" also means a~~

1 b. A resident of this state who is a former member of the
2 armed forces of the United States and who, after serving fewer
3 than eighteen months, was honorably discharged because of a
4 service-related injury sustained by the veteran.

5 c. A resident of this state who is a former member of the
6 national guard of any state who otherwise meets the service
7 requirements of section 35.1, subsection 2, paragraph "b",
8 subparagraph (2) or (7).

9 Sec. 6. Section 426A.12, Code 2014, is amended to read as
10 follows:

11 **426A.12 Exemptions to relatives.**

12 1. In case any person in the foregoing classifications does
13 not claim the exemption from taxation, it shall be allowed in
14 the name of the person to the same extent on the property of any
15 one of the following persons in the order named:

16 a. The spouse, or surviving spouse remaining unmarried,
17 of a veteran, as defined in this chapter or in section 35.1,
18 subsection 2, ~~paragraph "a" or "b"~~, where they are living
19 together or were living together at the time of the death of
20 the veteran.

21 b. The parent whose spouse is deceased and who remains
22 unmarried, of a veteran, as defined in this chapter or in
23 section 35.1, subsection 2, ~~paragraph "a" or "b"~~, whether living
24 or deceased, where the parent is, or was at the time of death of
25 the veteran, dependent on the veteran for support.

26 c. The minor child, or children owning property as tenants
27 in common, of a deceased veteran, as defined in this chapter or
28 in section 35.1, subsection 2, ~~paragraph "a" or "b"~~.

29 2. No more than one tax exemption shall be allowed under
30 this section or section 426A.11 in the name of a veteran,
31 as defined in this chapter or in section 35.1, subsection 2,
32 ~~paragraph "a" or "b"~~.

33 Sec. 7. Section 426A.13, unnumbered paragraphs 1 and 2, Code
34 2014, are amended to read as follows:

35 A person named in section 426A.11, who is a resident of

1 and domiciled in the state of Iowa, shall receive a reduction
2 equal to the exemption, to be made from any property owned
3 by the person or owned by a family farm corporation of which
4 the person is a shareholder and occupant of the property and
5 so designated by proceeding as provided in the section. To
6 be eligible to receive the exemption, the person claiming it
7 shall have recorded in the office of the county recorder of
8 the county in which is located the property designated for the
9 exemption, evidence of property ownership by that person or the
10 family farm corporation of which the person is a shareholder
11 and the military certificate of satisfactory service, order
12 transferring to inactive status, reserve, retirement, order of
13 separation from service, honorable discharge or a copy of any
14 of these documents of the person claiming or through whom is
15 claimed the exemption. In the case of a person claiming the
16 exemption as a veteran described in section 35.1, subsection
17 2, paragraph "b", subparagraph (6) or (7), or under section
18 426A.11, subsection 4, paragraph "c", the person shall file the
19 statement required by section 35.2.

20 The person shall file with the appropriate assessor on forms
21 obtained from the assessor the claim for exemption for the year
22 for which the person is first claiming the exemption. The
23 claim shall be filed not later than July 1 of the year for which
24 the person is claiming the exemption. The claim shall set out
25 the fact that the person is a resident of and domiciled in the
26 state of Iowa, and a person within the terms of section 426A.11
27 or section 426A.12, and shall give the volume and page on which
28 the certificate of satisfactory service, order of separation,
29 retirement, furlough to reserve, inactive status, or honorable
30 discharge or certified copy thereof is recorded in the office
31 of the county recorder, and may include the designation of the
32 property from which the exemption is to be made, and shall
33 further state that the claimant is the equitable or legal owner
34 of the property designated or if the property is owned by a
35 family farm corporation, that the person is a shareholder of

1 that corporation and that the person occupies the property.
2 In the case of a person claiming the exemption as a veteran
3 described in section 35.1, subsection 2, paragraph "b",
4 subparagraph (6) or (7), or under section 426A.11, subsection
5 4, paragraph "c", the person shall file the statement required
6 by section 35.2.

7 Sec. 8. APPLICABILITY. This Act applies to property taxes
8 due and payable in fiscal years beginning on or after July 1,
9 2014.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with
12 the explanation's substance by the members of the general assembly.

13 This bill relates to property taxes of veterans by providing
14 an additional homestead credit for certain disabled veterans
15 and by modifying the military service property tax exemption.

16 The disabled veterans tax credit under Code section 425.15
17 provides a credit on the homestead of an eligible veteran
18 who acquired the homestead under specified federal programs
19 in an amount equal to the entire amount of the tax levied
20 on the homestead. The bill modifies the qualifications for
21 the disabled veterans tax credit by adding the following
22 to the list of veterans who are eligible for the credit:

23 (1) a veteran as defined in Code section 35.1 with a
24 service-connected disability rating of 100 percent as certified
25 by the United States department of veterans affairs; and (2) a
26 former member of the national guard of any state who otherwise
27 meets the service requirements for Iowa national guard members
28 under Code section 35.1(2)(b), subparagraph (2) or (7), with a
29 service-connected disability rating of 100 percent as certified
30 by the United States department of veterans affairs. The bill
31 also strikes the income limitation qualifications for the
32 disabled veteran tax credit.

33 Under current law, veterans of the First World War are
34 entitled to a property tax exemption of \$2,778 in taxable value
35 and honorably discharged veterans who served during other

1 specific time periods are entitled to a property tax exemption
2 of \$1,852 in taxable value. The bill removes the provision
3 relating to veterans of the First World War and increases the
4 exemption amount for all eligible veterans to 10 percent of the
5 taxable value of the veteran's property or \$15,000, whichever
6 is less.

7 The bill also modifies the qualifications for the military
8 service property tax exemption and credit by adding the
9 following to the list of veterans who are eligible for the
10 credit: (1) a resident of this state who is a current member of
11 the national guard, organized reserves, or regular component of
12 the armed forces of the United States; (2) a resident of this
13 state who is a former member of the national guard of any state
14 who otherwise meets the service requirements for members of the
15 Iowa national guard under Code section 35.1(2)(b), subparagraph
16 (2) or (7); and (3) a resident of this state who served on
17 federal active duty, other than training, in the armed forces
18 of the United States and who was discharged under honorable
19 conditions.

20 Current law limits the amount of the military service
21 property tax credit state payment that replaces all or a
22 portion of the property tax revenue otherwise due to local
23 governments to not more than \$6.92 per \$1,000 of assessed
24 value.

25 Under current law, the state provides funding to local
26 governments for the military service property tax exemption and
27 credit up to \$6.92 per \$1,000 of assessed value of the exempt
28 property. Code section 25B.7 provides that for a property tax
29 credit or exemption enacted on or after January 1, 1997, if a
30 state appropriation made to fund the credit or exemption is not
31 sufficient to fully fund the credit or exemption, the political
32 subdivision shall be required to extend to the taxpayer only
33 that portion of the credit or exemption estimated by the
34 department of revenue to be funded by the state appropriation.
35 The provisions of current Code section 25B.7 apply to the

1 military service property tax credit and exemption to the
2 extent of \$6.92 per \$1,000 of assessed value of the exempt
3 property.

4 The bill strikes the military service property tax credit
5 amount limitation of \$6.92 per \$1,000 of assessed value and
6 strikes the \$6.92 per \$1,000 of assessed value limit from Code
7 section 25B.7.

8 The bill applies to property taxes due and payable in fiscal
9 years beginning on or after July 1, 2014.